



Workplace Whistleblower

Perspectives on whistleblower situations that employers frequently face

New York Attorney General Proposes State Law Counterpart to Dodd-Frank

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Describing it as “long overdue for a state with the world’s most important financial markets,” New York Attorney General Eric Schneiderman recently proposed legislation to “protect and reward employees” that report information regarding illegal activity in the banking, insurance, and financial services industries.

The proposed Financial Frauds Whistleblower Act (“FFWA”) is nearly identical to the federal Dodd–Frank Wall Street Reform and Consumer Protection Act (“DFA”). Specifically:

- FFWA whistleblowers would receive a “bounty” of between 10% to 30% of the money recovered if their tips lead to more than \$1 million in penalties or settlement proceeds;
- The FFWA would keep the whistleblower’s identity confidential;
- The FFWA would make it illegal for any employer to retaliate against a whistleblower by demoting, suspending, or otherwise harassing employees who report suspicious or fraudulent activity to supervisory or internal compliance staff;
- The Attorney General would create a dedicated whistleblower awards program within the state’s Department of Financial Services; and
- FFWA whistleblower rewards would come from monetary recoveries paid by those found to have committed the wrongdoing, rather than out of state funds, which the Attorney General lauded as a “cost-free way to increase the government’s ability to detect frauds and obtain recoveries.”

There is no word yet on whether the proposed legislation would include a provision preventing a whistleblower from double-dipping to recover bounties under both the FFWA and DFA. If not, certainly the prospect of double recovery under both federal and state law would likely further incentivize would-be New York whistleblowers.

The bill is expected to be introduced before the end of the current legislative session in June. We will continue to monitor the bill's progression through the Legislature and advise you of any developments.

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